



**Health Services**  
LOS ANGELES COUNTY

**Los Angeles County  
Board of Supervisors**

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Fifth District

May 29, 2007

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**Bruce A. Chernof, MD**  
Director and Chief Medical Officer

**John R. Cochran III**  
Chief Deputy Director

**Robert G. Splawn, MD**  
Senior Medical Director

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT**  
(All Districts Affected - 3 Votes)

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director of Health Services or his designee to accept the attached compromise offer of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual account for patient who received medical care at a County facility:

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

Tel: (213) 240-8101  
Fax: (213) 481-0503

(4)	Account Number	LAC+USC – 2061984	\$77,500
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**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The compromise offer of settlement for patient account (4) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

**IMPLEMENTATION OF STRATEGIC PLAN GOALS:**

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

**FISCAL IMPACT/FINANCING:**

This will expedite the County's recovery of revenue totaling approximately \$77,500.



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**REVISED**

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,

Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

BAC:lg (R:\LMARTINEZ\COMPROMISE\BDR\TR#51\LETTER (REVISED)

Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: MAY 29, 2007

<b>Total Charges</b>	\$158,132	<b>Account Number</b>	2061984
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$158,132	<b>Date of Service</b>	10/28/04-11/23/04
<b>Compromise Amount Offered</b>	\$77,500	<b>% Of Charges</b>	49%
<b>Amount to be Written Off</b>	\$83,132	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in a slip and fall injury in an apartment complex. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$158,132 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability. Ultimately, it was identified that this patient had a third party liability (TPL) and the account was referred to DHS' Outside Collection Agency as a TPL. The patient's TPL claim settled for \$260,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement**</b>
<b>Lawyer's Fees *</b>	\$102,000	\$102,000	39%
<b>Lawyer's Cost *</b>	\$40,000	\$40,000	15%
<b>LAC+USC Medical Center</b>	\$158,132	\$77,500	30%
<b>Other Lien Holders</b>	\$12,200	\$3,690	2%
<b>Patient</b>		\$36,810	14%
<b>Total</b>		\$260,000	100%

\* A portion of the lawyer's fees and costs include testimony of expert witnesses to prepare for trial.

\*\* 32% of the settlement was allocated to all lien holders – (30% to LAC+USC Medical Center and 2% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.